

Message Text

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PAGE 01 CARACA 06857 092125Z

64

ACTION ARA-20

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

IGA-02 AID-20 EB-11 COME-00 INT-08 SCEM-02 OMB-01

TRSE-00 CIEP-02 OPIC-12 RSR-01 /148 W

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R 091937Z AUG 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 825

UNCLAS CARACAS 6857

E.O. 11652 N/A

TAGS: ENRG, VE

SUBJECT: MINISTER OF MINES AGAIN RAISES OIL NATIONALIZATION
ISSUE

1. THREE MAJOR CARACAS NEWSPAPERS TODAY, AUGUST 9, CARRY FRONT-PAGE PRESS STATEMENT FROM MINISTER OF MINES AND HYDROCARBONS, DR. PEREZ LA SALVIA, IN WHICH HE STATES COUNTRY CONSIDERING NATIONALIZATION OF PETROLEUM INDUSTRY PRIOR TO 1983 REVERSION DATE. STATEMENT MADE BY PEREZ LA SALVIA PRIOR TO HIS PARTICIPATION IN CABINET MEETING.

2. PEREZ LA SALVIA STATED THAT WHILE IT HAS ALREADY BEEN ESTABLISHED THAT PETROLEUM WILL BE NATIONALIZED FROM 1983, DURING PRIOR TEN-YEAR TRANSITION PERIOD VENEZUELA MUST STUDY ALL ALTERNATIVES FOR EFFICIENT OPERATION OF THE INDUSTRY. ONE ALTERNATIVE UNDER CONSIDERATION IS STEPPING UP DATE OF REVERSION " ... SO THAT STATE CAN BEGIN OPERATING THE INDUSTRY BEFORE 1983." ALSO, VENEZUELA MAY FIND IT NECSSARY BEFORE 1983 TO RUN THE INDUSTRY AS ONE UNIT INSTEAD OF A SERIES OF SEPARATE COMPANIES. ACCORDING TO PEREZ LA SALVIA, VENEZUELA IS CAPABLE NOW OF TAKING OVER THE INDUSTRY, AND MARKETING OF PETROLEUM BY THE STATE WILL POSE NO IMPORTANT PROBLEM, SINCE
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PAGE 02 CARACA 06857 092125Z

INTERNATIONAL MARKET IS EXPANDING CONSTANTLY WITH BETTER PRICES.

HE STATED THAT ALTHOUGH THERE ARE CERTAIN INTERNATIONAL LEGAL
CONSIDERATIONS WHICH MUST BE COMPLIED WITH, THE COUNTRY HAS THE
SOVEREIGN RIGHT TO NATIONALIZE THE INDUSTRY.
MCCLINTOCK

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 09 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CARACA06857
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730849/aaaabjpl.tel
Line Count: 65
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 15 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Oct-2001 by reddocgw>; APPROVED <26 FEB 2002 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MINISTER OF MINES AGAIN RAISES OIL NATIONALIZATION ISSUE
TAGS: ENRG, VE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005